

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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DRAFTED BY ARA/BC:WLOWENTHAL:BJD

APPROVED BY ARA:AFISHLOW

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO PRIORITY

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E.O. 11652:N/A

TAGS: EFIN, ECOM, CI

SUBJECT: FINMIN CAUAS' CALL ON DEPARTMENT

REF; SANTIAGO 7183

1. FINANCE MINISTER, JORGE CAUAS, CENTRAL BANK PRESIDENT, PABLO BARAONA, AMBASSADOR TRUCCO AND SERGIO UNDURRAGA OF CORFO, MET OCTOBER 28 WITH ASSISTANT SECRETARY ROGERS AND MESSRS. FISHLOW, FIMBRES AND LOWENTHAL.

2. CAUAS SAID THE PURPOSE OF HIS VISIT TO THE DEPARTMENT WAS TO EXPLAIN THE PROGRESS OF THE ECONOMIC RECOVERY PROGRAM SINCE HIS LAST VISIT. HE CITED HIS SPEECH OF OCTOBER 24 AND LEFT US COPIES. SUMMARY OF ITS CONTENTS WAS VERY MUCH IN LINE WITH REFTEL. HE EXPLAINED THAT IT WAS TIME TO ANSWER CRITICS OF HIS PROGRAM, PARTICULARLY THOSE WHO CONSIDERED THE SOCIAL COSTS EXCESSIVE. HE HELD THAT ANY ALTERNATIVE PROGRAM WOULD HAVE MUCH HIGHER COSTS OVER THE LONG RUN.

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3. FISHLOW SAID HE WOULD TRY TO GO TO SANTIAGO FOLLOWING HIS STAY IN MONTEVIDEO NOVEMBER 17-20. HE COULD NOT TELL YET HOW LONG HE WOULD BE ABLE TO STAY, BUT MOST LIKELY IT WOULD BE A SHORT VISIT.

4. CAUAS INTRODUCED THE SUBJECT OF CONSUMER-PRODUCER COPPER TALKS BY SAYING THAT MINISTER OF MINES, ENRIQUE VALENZUELA, WOULD BE THE GOC REPRESENTATIVE FOR ANY SUCH DISCUSSIONS AND THAT AMBASSADOR TRUCCO AND SERGIO UNDURRAGA WOULD COORDINATE WITH THE U.S. ON THE SUBJECT.

5. FISHLOW SAID HE THOUGHT THERE WAS A NEED TO PURSUADE PRODUCERS TO INCLUDE CONSUMERS AS HE WAS UNDER THE IMPRESSION THAT CIPEC FAVORED DISCUSSIONS AMONG PRODUCERS ONLY. CAUAS REPLIED THAT HE HAD HEARD THAT FRANCE AND NIGERIA WERE WILLING TO GO AHEAD WITH BOTH GROUPS.

6. ON THE WAY OUT CAUAS EXPLAINED TO LOWENTHAL THAT HE REALIZED AND AGREED WITH THE IMF'S POSITION THAT RESCHEDULING IN 1976 WOULD BE NECESSARY. HOWEVER, HE FELT THAT IF POLITICAL CONSIDERATIONS WERE AS DIFFICULT AS LAST YEAR, HE WOULD DO EVERYTHING POSSIBLE TO FIND A WAY TO AVOID THE RESCHEDULING PROCESS. LOWENTHAL SAID HE SYMPATHIZED WITH THE FUND'S POSITION AND ADDED THE RESCHEDULING PROCESS WOULD BE MUCH SIMPLER WERE IT NOT FOR THE HUMAN RIGHTS ISSUE. KISSINGER

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